STANDARD OIL COMPANY (INDIANA) ANNUAL REPORT 1969

COVER PICTURE:

The Amoco Yorktown, one of two 78,000-deadweight-ton tankers delivered to us in 1969, heads for one of our refineries with a cargo of Middle East crude oil.

The Year in Brief

		1969	1968
Financial	Total revenues	$4,322,343,000	3,993,662,000
	Net earnings	$ 321,033,000	309,494,000
	Net earnings per share	$ 4.54	4.37
	Dividends paid	$ 163,254,000	148,938,000
	Dividends paid per share	$ 2.30	2.10
	Capital and exploration expenditures	$ 846,161,000	796,943,000
	Total assets	$5,150,677,000	4,737,454,000
	Book value per share	$ 46.46	43.39
	Working capital	$ 535,080,000	668,109,000
Operating	Crude oil and natural gas liquids, barrels per day —		
	Net production	644,926	608,053
	Refinery input	970,737	925,168
	Natural gas sold, thousand cubic feet per day	3,267,243	2,727,197
	Refined products sold, barrels per day	1,034,677	977,273

* If you would like to receive the financial and statistical supplement to the 1969 Annual Report, please send your request to the Secretary, Standard Oil Company (Indiana), P.O. Box 5910-A, Chicago, Illinois 60680.

Earnings and Operations at Record Levels; Inflationary, Tax Burdens Also Rising

To Our Shareholders: In 1969, our Company again showed improvement in earnings, for the eleventh consecutive year. However, inflationary forces in the economy, together with intense competitive pressures on prices depressed earnings in the second half. As a result, our gain fell short of the annual rate of growth achieved in recent years.

Consolidated net earnings for the year totaled $321 million, or 3.7 per cent above the $309.5 million earned in 1968. Earnings per share advanced to $4.54 from $4.37 in 1968. Dividends were again increased, to $2.30 per share compared with the $2.10 paid in 1968. The rate of return on shareholders' ownership was 10.2 per cent, approximately equal to the previous year.

Capital requirements continued to be heavy in all parts of our business, from enlarging refineries and modernizing marketing facilities to building chemical plants — but most importantly in finding and developing new reserves of oil and natural gas.

Within the United States, an exploration program was undertaken on more than seven million acres leased from the Union Pacific Railroad in three Rocky Mountain states. Six new discoveries were made in southern Louisiana, with 10 new offshore platforms installed to develop previous discoveries. To improve the efficiency of our producing operations, we sold 850 scattered oil and gas producing properties for $55 million.

Strategic new acreage acquired in the Prudhoe Bay area of Alaska and in Canada increased our total holdings in the Arctic to 6.9 million

Chairman Swearingen at Geel, Belgium.

President Gunness on North Sea rig.

net acres, of which 346,000 acres are on Alaska's North Slope. In the Ricinus area of Alberta, Canada, four significant discoveries were made and a number of development wells were completed in this dual oil and gas productive area.

The scope of foreign exploratory efforts was also widened. Offshore Trinidad, results of drilling on our 1.5 million-acre concession have been encouraging. Since the start of this program, we have completed 11 exploratory wells, six of which have tested significant quantities of oil and/or natural gas, and a platform for further testing and development drilling is scheduled for installation in mid-1970. Elsewhere in Latin America a 909,000-acre concession was acquired in eastern Ecuador, and development of our wholly-owned Jobo field in Venezuela was initiated.

During the year, Ghana, Pakistan, and Australia were added to the areas in which we have exploratory interests.

Further progress was made in foreign oil production. In the Gulf of Suez, gross production in the El Morgan field averaged over 192,000 barrels per day, with net production exceeding 86,000 barrels per day. In the Persian Gulf, gross production capacity of the Darius and Cyrus fields reached 137,000 barrels per day. An extension to the new Fereidoon field was confirmed, and work is under way to bring this field into production.

Gains in natural gas were registered in the United States, in Canada, and in Western Europe. Initial deliveries began on a long-term sale of nearly 1 trillion cubic feet from Canadian reserves at Marten Hills, in Alberta.

Production of natural gas began from the first of two major fields discovered earlier in British waters of the English Channel, and 17 new producing wells were completed. By year end, our net production from this field had risen to 117 million cubic feet per day. Onshore, in The Netherlands, development drilling of our gas reserves is proceeding, and the first sales contract has been signed.

Major new domestic manufacturing facilities completed in 1969 include large units for production of aromatic acids, styrene monomer, and polybutene. Among the new foreign facilities now in operation are a chemical plant at Geel, Belgium, a jointly-owned sulfur and LP-Gas plant in the Persian Gulf, and facilities in Canada and West Germany to produce polypropylene fabric for carpet backing.

Despite some weakness in the last half, domestic gasoline prices improved slightly for the year, and sales records were set for gasolines and naphthas, motor oils, diesel fuels, jet fuels, and other major products. A new 40,000-barrel-per-day Ultracracker, using a process developed by our research group, began operations and will substantially increase production of our unique unleaded gasoline, which we currently market in 25 eastern and southern states.

To further reduce air pollution, we announced plans early this year to make unleaded gasoline more widely available when new cars requiring such fuels are introduced. This will require extensive modifications of our refineries and distribution facilities. However, elimination of the lead content in fuels will speed progress toward a pollution-free automobile.

Throughout our operations, continued emphasis was placed on environmental conservation during 1969, and new facilities were installed at a number of locations to minimize contamination of air and water. Considerable expenditures for this purpose can be anticipated for the next several years.

As for our Company's prospects in 1970, we expect petroleum and chemical demand to continue to grow. While capital expenditures are not expected to match the record level reached in 1969, they will remain at a high level compared with only a few years ago. In recent years, we have brought about a major restructuring of our operations — through expansion abroad and establishment of a major chemical business. Although plans for a merger with Cerro Corporation were abandoned by mutual agreement during the year, further moves are planned into other new areas.

The heavy capital commitments of the last several years have been made in an effort to provide additional earnings for the Company. However, our ability to generate increased profits in the short run is uncertain in the face of several adverse external factors. For the first time, in 1970, financial results will be affected by last year's Federal tax legislation, which imposes new burdens on our industry, while inflationary pressures continue to increase our costs of goods and services.

We consider the recent changes in the Federal tax code applying to petroleum operations, as well as recently proposed modifications in the oil import program, to be neither justified nor wise. We believe they run directly counter to the national interest in preserving a secure supply of energy. Governmental actions which threaten the petroleum industry's ability to generate a rate of return adequate to attract the capital it needs can only place in jeopardy the principal energy base on which our entire economy rests.

To maintain profitability, for our Company and the oil industry in general, higher costs must be recaptured through higher prices. In the face of the new tax burdens and continuing cost inflation, it will be a major challenge to our Company in 1970 to surpass our 1969 record earnings.

The Company and its people remain committed to a concerted effort to maintain an adequate rate of return on our shareholders' investment, and to continue to produce further long-term growth in earnings.

John E. Swearingen

Chairman

Robert C Gunness

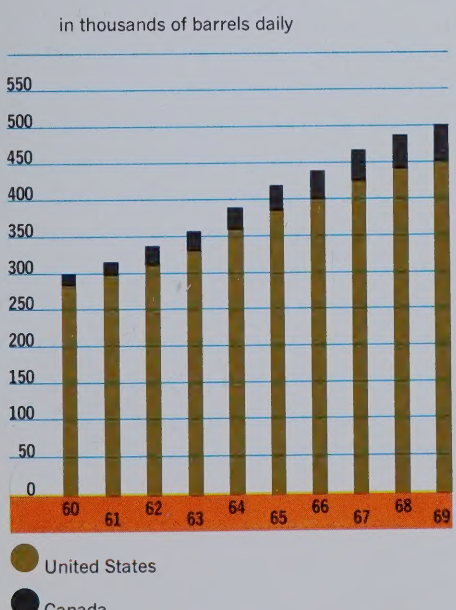
President

March 1, 1970

Production of Crude Oil and Natural Gas Rises To New Highs in the U.S. and Canada

Crude Oil. Our net production of crude oil and natural gas liquids in North America rose to a record 500,179 barrels daily for a gain of 1.9 per cent. This included 47,745 barrels a day in Canada, also a record, and an increase of 9 per cent.

As a result of steadily rising demand for domestic crude and the decline of excess producing capacity, proration continued to relax in Texas, Louisiana, Oklahoma, and New Mexico. Regulated wells in Texas, where we have extensive production, were permitted to produce at an average of 52.4 per cent of rated capacity, compared with 44.9 per cent in 1968 and 40.6 per cent in 1967.



North American Crude Oil Production

Natural Gas. To meet rising demand, our North American production of natural gas increased 15 per cent, to an average of 3.3 billion cubic feet daily.

Following construction of a new gas-conditioning plant at Marten Hills in Alberta, initial deliveries began on a long-term sale which will total nearly 1 trillion cubic feet.

Also in Alberta, we made two commitments to sell future natural gas production, when developed, to two pipelines. Under these contracts the purchasers have made advance payments to our Company as an incentive to develop gas reserves. We contracted to sell to one pipeline up to 2 trillion cubic feet of gas, as it is developed, in the Strachan-Ricinus area of southwest Alberta and the Kaybob South-Beaverhill Lake area of central Alberta. The other pipeline agreed to buy all the gas reserves we can find and develop through 1972 in the Big Mountain area of west-central Alberta.

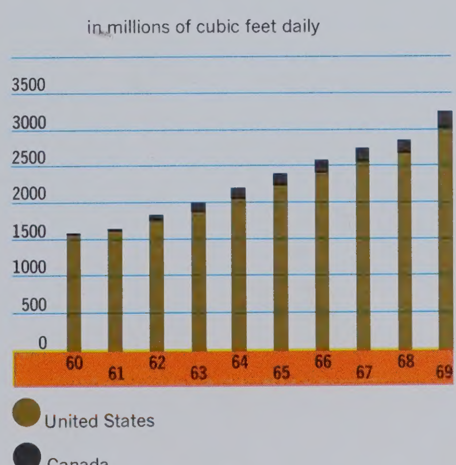
Several sales contracts were signed for South Louisiana gas. Three involve ultimate sale of 250 billion cubic feet from the Eugene Island, East Cameron, and Ship Shoal offshore areas.

Initial deliveries were made under 17 other contracts for gas in Texas, Louisiana, Oklahoma, and Alberta fields.

At year end approximately 97 per cent of our proved gas reserves in North America was committed to gas sales contracts.

To process our natural gas production, we operate 37 plants for ourselves and partners, with gross operating capacity of about 3 billion cubic feet and 107,000 barrels of liquids daily. We also have an interest in 28 plants operated by others. We expanded four of our operated plants, and construction was completed or begun at six other plants in which we have an interest.

Our sulfur recovery from all plants averaged 1,233 net long tons daily. By year end, production had increased to 250 long tons daily at our sulfur-mining project at High Island, Texas.



North American Natural Gas Production

Oil Reserves Gain After Record 1969 Production; Arctic Leaseholds Increased

Oil and Gas Reserves. After producing 183 million barrels during 1969, our North American reserves of crude oil and natural gas liquids totaled 3,301 million barrels at year end, an increase of 30 million barrels over the previous year.

Our total reserves of natural gas decreased to 20,379 billion cubic feet, down 85 billion, after production of 1,190 billion cubic feet during 1969.

The gain in liquid reserves occurred despite the sale of a small portion of our production — part of our program to increase efficiency. The small drop in natural gas reserves was due primarily to dispositions made under this program and to the 15 per cent increase in natural gas production.

Ricinus Area of Alberta. Four significant discoveries were completed in Alberta's Ricinus area in 1969. The field is about 70 miles northwest of Calgary in southwestern Alberta. The initial discovery, a joint-interest well first tested late in 1968, had 43 feet of oil pay in the Cardium sand and 196 feet of sour gas pay in the Devonian D-3 reef. The well was completed flowing 37 million cubic feet of gas daily. The second joint-interest discovery, 4½ miles south, was completed producing 220 barrels of oil daily.

A fully owned wildcat discovery three miles southeast of the second well tested 80 barrels daily. A joint-interest discovery, 4½ miles north of the initial discovery, found 53 feet of Cardium pay and was completed for 2½ million cubic feet of gas and 250 barrels of condensate daily. We also drilled six net development wells on our 40,000 acres in the immediate area. By year end, the development field area was about 20 miles long and two miles wide. Following these discoveries, we purchased or obtained options on about 270,000 acres along a 200-mile regional trend 10 to 15 miles wide, extending northwest and southeast of the discoveries.

South Louisiana. We made six new discoveries, installed 10 new offshore development platforms, and had a major increase in natural gas sales. The discoveries included:

In the E-3 salt dome at Eugene Island, our half-interest wildcat found 51 feet of oil pay and 16 feet of gas pay. The oil tested at 330 barrels daily. We hold 12,500 net acres on this offshore dome.

At North Coulee Hippolyte, Calcasieu Parish, a half-interest wildcat flowed 1 million cubic feet of gas with 696 barrels of oil daily. We have 2,000 net acres on this prospect and 100,000 along the trend.

A fully owned wildcat at South Pecan Lake, Cameron Parish, tested 8.2 million cubic feet of natural gas daily; an offset confirmed the discovery. We have 6,000 net acres in the immediate area.

At South Black Bayou, Cameron Parish, we made two additional discoveries in an area where we now hold 1,200 productive acres. One well flowed 220 barrels of oil daily with gas; another tested 170 barrels daily. We have 26,000 acres in the area.

On the west flank of Bayou Blue salt dome, Iberville Parish, a one-third interest discovery flowed 265 barrels of oil daily. We have 1,665 net acres surrounding the well.

Ten drilling and producing platforms were installed in the South Marsh Island, Eugene Island, Ship Shoal, South Timbalier, and West Delta areas.

Other Discoveries. A number of other significant discoveries resulted from 479 wildcat wells we drilled or took part in drilling during 1969. Our net interest was equal to 335 wells. Among them were the following:

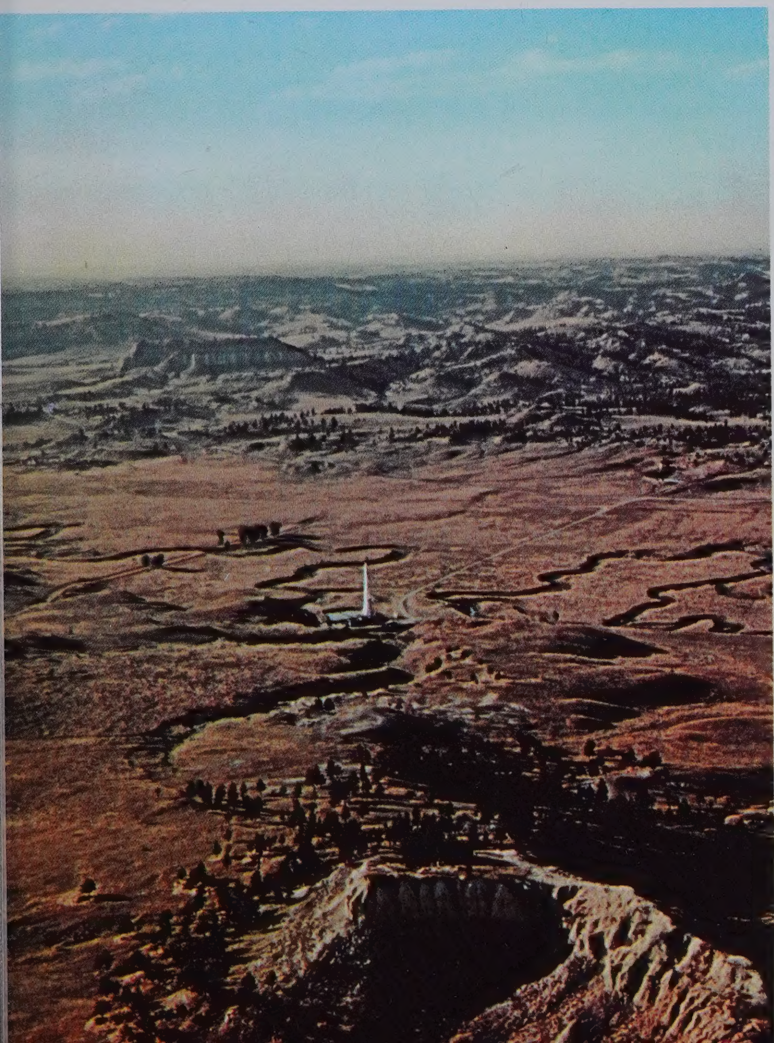
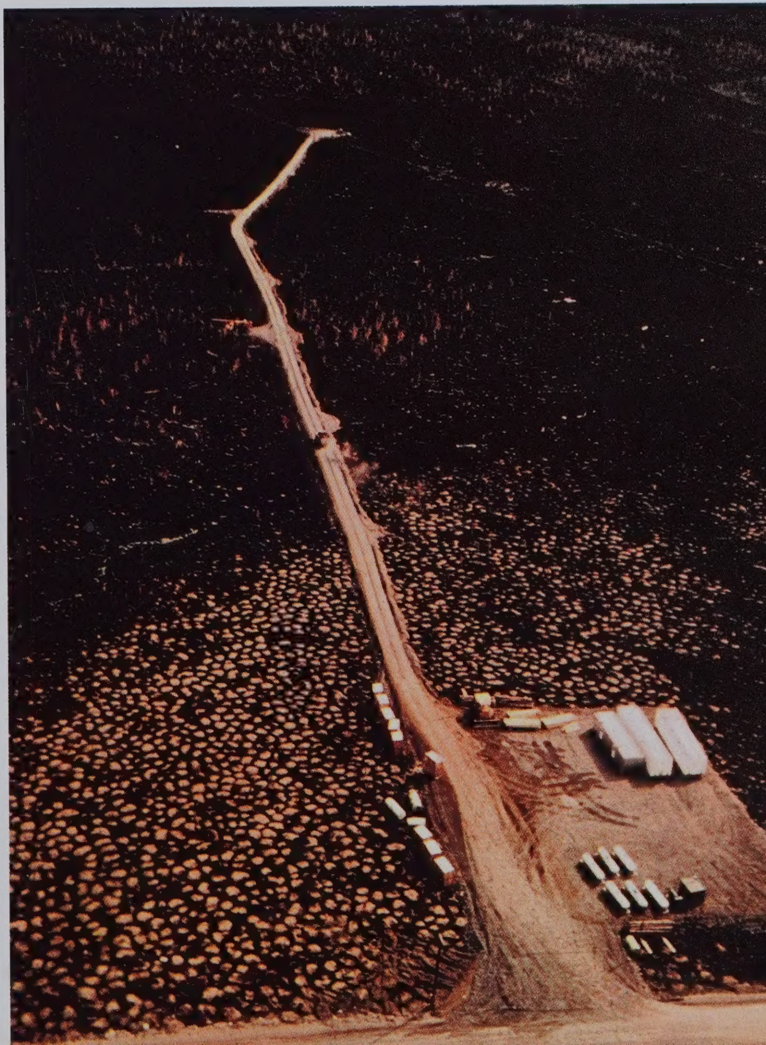
POWDER RIVER BASIN: We have an interest in 11 new oil discoveries in the Muddy formation of Wyoming and Montana.

Photographs on opposite page:

Sled train hauls pipe to the rig that drilled our North Slope gas discovery.

Left photo: We had 11 oil discoveries in Wyoming's Powder River Basin.

Elevated road carries heavy equipment to drill site through "mud heaves" in Canadian Arctic permafrost surface.

MISSISSIPPI: Smackover formation production was extended some 30 miles north by a fully owned wildcat in Holmes County, which encountered 38 feet of oil and gas pay. We acquired more than 700,000 net acres in this area in 1969.

WEST MARLBORO, ALBERTA: A 42 per cent interest dual discovery tested 8.7 million cubic feet of gas and 127 barrels of oil daily. We have about 9,000 net acres around the well.

MICHIGAN BASIN: We have one-fourth interest in a gas condensate discovery with a potential of 18 million cubic feet of gas and 72 barrels of condensate daily. Also in 1969 we began drilling a half-interest well that was tested at a rate of 744 barrels of oil daily. This well is 16 miles northeast of the gas condensate discovery. Our holdings in this area at year end exceeded 310,000 net acres, including more than 40,000 acres in the vicinity of these discoveries.

New Holdings. Our net undeveloped leaseholds increased to 13.4 million acres in the U.S. and 4.9 million acres in Canada. We also held 44 million net acres in reservations and permits in Canada. Our most important additional new acreage and exploration ventures are:

ARCTIC: New acreage in Alaska's Prudhoe Bay area and in Canada east of Prudhoe Bay increased our holdings in the Arctic to more than 6.9 million net acres.

We acquired 35,590 net acres at the 1969 Alaska lease sale at a net cost of $97 million. This acreage includes tracts adjacent to the Prudhoe Bay field, and other tracts near areas which will be available for future sales. Our total holdings on Alaska's North Slope were increased to about 346,000 net acres.

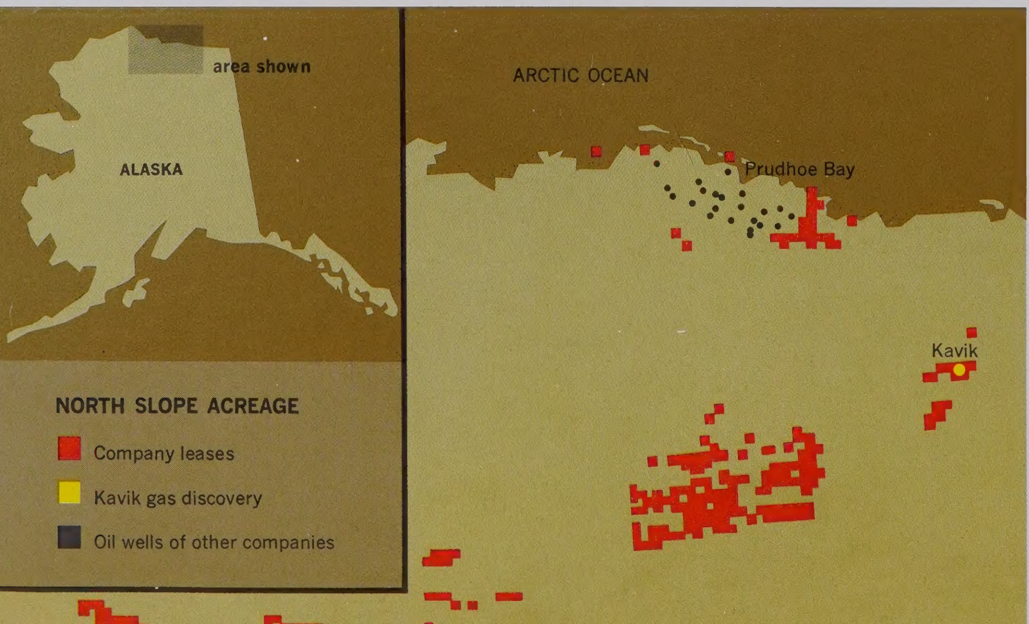
Sixty miles southeast of Prudhoe Bay, we completed a joint-interest, dual-zone gas discovery with open-flow potential of 54½ million cubic feet daily. It is shut in for lack of a current market.

About 250 miles east of Prudhoe Bay in the Canadian Arctic, we acquired permits on 61,000 net acres in the Beaufort Sea, where new seismic data indicates a sedimentary basin with a number of structural leads.

New acquisitions also include 1,105,000 net acres on Prince of Wales Island in the Canadian Arctic, and an option on 655,000 net acres in Canada's Kandik Basin along the Yukon-Alaskan border 320 miles southeast of Prudhoe Bay.

ROCKY MOUNTAINS: We acquired mineral rights on more than 7 million net acres of Union Pacific Railroad land in Wyoming, Colorado, and Utah. By year end, we instigated an exploratory program involving initial drilling of more than 100 wildcats.

WESTERN CANADA: We acquired options on nearly 420,000 net acres in the Horn Plateau Basin of Northwest Territories. In the Pinto-Nose Creek area of Alberta, we have options on more than 46,000 net acres.



Development. We drilled or participated in 1,053 development wells in 1969, or 8 per cent more than in 1968. Our net interest was equal to 647 wells. Important areas of activity include:

ONSHORE LOUISIANA: Nine completions at South Black Bayou and 16 at West Hackberry increased net production by 3,591 barrels daily. At Redfish Point, one new well is producing a net 12 million cubic feet of gas with 100 barrels of condensate daily.

OFFSHORE LOUISIANA: In two of our more important fields, 14 completions and six recompletions are producing a net 36 million cubic feet of gas and 2,233 barrels of liquids daily; and eight recent gas well completions are expected to average 33 million cubic feet of gas daily with 666 barrels of condensate.

WEST TEXAS: Extensive drilling programs were started in waterflood projects. We completed a total of 100 wells in the Slaughter, South Cowden, and Wasson fields to increase production by 11,796 net barrels daily.

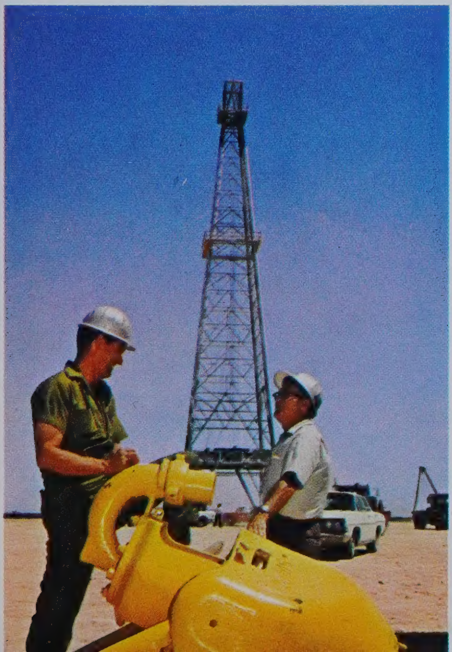
BIG HORN BASIN, WYOMING: Fourteen completions in the Little Buffalo and Torchlight fields increased net production by 3,615 barrels daily.

BASIN DAKOTA AREA: On acreage committed to gas sales contracts, we drilled 20 new wells, raising production in this New Mexico field by 10.5 million cubic feet daily, net.

POWDER RIVER BASIN: Production from 37 development wells we drilled in this active area of Montana and Wyoming exceeded 6,300 barrels daily net at year end.

CANADA: In the Beaver River-Pointed Mountain area of northwest Canada, additional development drilling increased gas reserves by more than 800 billion cubic feet. We have a sales contract and expect to start deliveries in 1971, after a planned pipeline is built into the area. Reserves were also increased at Kaybob South where we drilled seven new wells.

To find gas in West Texas' Gomez field, we have to drill 22,000 feet deep.



Improved Technology. Further refinements in field automation and secondary recovery resulted in additional cost savings and increased production and reserves. 7

Installation of computerized telemetering systems began at the Hastings field, Texas, and the Winkleman Dome field, Wyoming. When they are completed, we will have a total of 1,636 wells and 62,600 barrels of production under computerized control. Radio monitors to report difficulties requiring employee assistance were installed in several locations, including the San Juan Basin of New Mexico, where gas flow is now monitored on some 70 wells.

Among new secondary recovery projects started in 1969 were water injection programs on three platforms in Alaska's Cook Inlet, and a full-scale alternate gas-water injection program in Wyoming's Little Buffalo Basin field.

We participated in starting 55 new secondary recovery projects, and in forming 29 units as a preliminary step toward secondary recovery. At year end, we had an interest in 485 secondary recovery projects. Of these, we were operator of 207.

Domestic Refinery Runs Increase by 5%; First Ultracracker Starts Up at Texas City

Domestic refineries processed a record 894,977 barrels a day of crude oil and natural gas liquids in 1969, an increase of 5 per cent.

At Texas City, Texas, we began operating a 40,000-barrel-a-day Ultracracker, employing our own process. It converts relatively heavy hydrocarbons into lighter and more valuable materials. It will substantially increase our production of high-octane unleaded gasoline.

Also at Texas City, we announced plans for addition of a fourth Ultraformer, a new coker, and expanded crude-running facilities. The latter, when completed in 1971, will increase the refinery's crude-running capacity by 80,000 barrels a day to a total of 321,000 barrels a day.

Minor modifications to crude-running units at the Yorktown, Virginia, and Whiting, Indiana, refineries resulted in increases of about 5,000 barrels a day in capacity at each refinery.

At Sugar Creek, Missouri, we are building a desulfurizer to reduce sulfur in fuel oil and produce salable sulfur.

In August, we announced we would close our 30,800-barrel-a-day refinery at Neodesha, Kansas, about April 1, 1970. Operation of this small, 72-year-old plant is no longer economically feasible, in the light of changing factors in technology, crude supply, and market environment.

We adopted a program to transfer some affected employees, to help others find employment with different companies, or to provide retirement or severance assistance.

New Ultracracker, put on stream at Texas City, greatly increases our ability to make unleaded gasoline.

All Major Chemical Products Set Sales Records; 5 New Plants are Completed, 5 Expanded

Chemicals. North American sales of chemicals increased by 6 per cent, to $308 million. All of our major chemical products set new sales records.

Combined sales of purified terephthalic acid (PTA) and dimethyl terephthalate (DMT), used in manufacturing polyester fibers and films, increased approximately 12 per cent.

Sales of styrene monomer rose 58 per cent, polystyrene 37 per cent, polypropylene 8 per cent, fabricated plastic products 11 per cent, petroleum additives 65 per cent, and oil production chemicals 26 per cent. Sulfur sales rose by 6 per cent, but prices were depressed.

Annual capacity of our units at Decatur, Alabama, was increased to 300 million pounds of PTA in October. Under construction are facilities to raise this capacity to 700 million pounds.

A 50-million-pound-a-year trimellitic anhydride unit began operation at Joliet, Illinois, and a 23-million-gallon-a-year polybutene unit came on stream at Texas City, Texas.

Also at Texas City we completed a unit to produce 500 million pounds a year of styrene monomer, bringing our Company's total capacity to 800 million pounds a year.

We completed a plant at Denver to manufacture plastic pipe and fittings, and built additional facilities for producing food containers and serving trays at La Mirada, California, and for making household products at Fullerton, California. We installed facilities for manufacturing milk cases from rigid, high-density polyethylene structural foam at Seymour, Indiana, and at Fullerton.

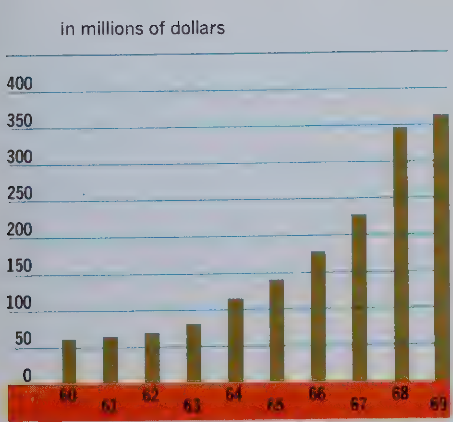
Capacity of our polypropylene resin plant at New Castle, Delaware, was increased to 250 million pounds a year. The nearby polypropylene film plant began producing a film particularly adaptable for merchandising lettuce.

A third plant to produce polypropylene fabric for carpet backing, bagging material, and related uses, was opened at Hawkesbury, Ontario, late in the year. The other North American plants are at Hazlehurst and Nashville in Georgia.

At Texas City, we began selling carbon dioxide, a by-product of the ammonia manufacturing process, to a nearby chemical company, delivering it by pipeline.

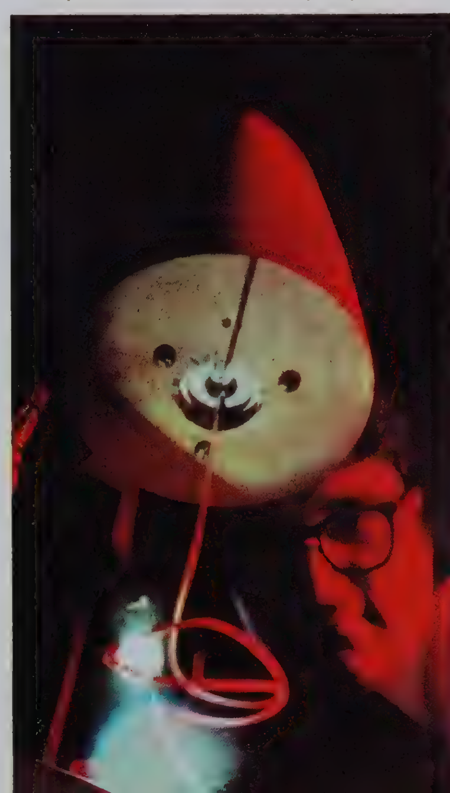
Construction started at Chocolate Bayou, Brazoria County, Texas, on a plant designed to produce 100 million pounds a year of high-density polyethylene, and another to make 150 million pounds a year of polypropylene resin.

We began building facilities at Joliet to increase our continuous process polystyrene capabilities by 70 million pounds a year, bringing capacity to 275 million pounds annually.



North American Sales of Chemicals and Fertilizers

Scientist tests melt flow properties of a plastic with laboratory equipment.



Fertilizer Volume Up Despite Drop In Market; New Facilities Added

Fertilizers. Farmers in the United States used less fertilizer in 1969 than a year earlier, largely because of bad weather. Nevertheless, we sold a record 1.1 million tons of fertilizer. Dollar sales of fertilizers totaled $51 million, down about 2 per cent.

New facilities put on stream included the 1,500-ton-a-day ammonia plant at Texas City, a 30,000-ton refrigerated ammonia storage terminal at Huntington, Indiana, which will give us greater flexibility in distribution, and a liquid fertilizer plant at Mt. Carmel, Illinois. A patent was obtained on our proprietary manufacturing process, used at Mt. Carmel and 14 similar plants.

A major change in our fertilizer products, stressing a higher percentage of nutrients, will provide new benefits for our farm customers while improving our marketing profitability. In the Southeast, we also began adding sulfur as a secondary nutrient in fertilizers.

The decline of fertilizer prices continued in 1969. Price improvement is not expected in the near future, since world production capacity is still considerably greater than consumption. However, our modern plants, taking advantage of recent technology and size economies, can produce ammonia for a fraction of the cost in older, smaller plants. Our domestic fertilizer sales are expected to increase 6 to 7 per cent in 1970.

Transportation. Our common carrier crude oil pipelines transported an average of 1,012,000 barrels of crude oil daily, equal to 1968's record volume.

Our U.S. crude oil pipelines at year end totaled 11,334 miles. About 2,000 miles of low-volume gathering lines were sold because of declining production in the areas served.

To bring Canadian crude into Whiting, we connected a spur to the Lakehead pipeline, 10 miles south of the refinery.

Our 2,500 miles of products pipelines moved 440,000 barrels a day of refined products to market, 5 per cent above 1968.

Our domestic coastal and inland fleet moved 45 million barrels of products, up over 7 per cent from 1968. Chartered vessels transported 65 million barrels.

Year-old plant at Nashville, Georgia, produces polypropylene carpet backing.

Domestic Sales of Refined Products Rise To Average 941,613 Barrels a Day

We increased our domestic sales of refined products by 5 per cent to an average of 941,613 barrels a day in 1969. Despite periodic price weakness, average gasoline realizations were slightly higher than in 1968.

We established sales records for gasolines and naphthas, motor oils, other lubricating oils, diesel fuels, LP Gas, jet fuels, and asphalt, against stiff competition.

We introduced 24 new or improved products, developed in our research laboratories. The most important were:

- Amotone, a multi-function additive, now used in all American Oil gasolines, that provides detergent, carburetor deicer, and anti-rust properties. By improving intake system cleanliness, it also reduces smog-forming emissions.
- Perma-flo, a fuel oil additive that prevents burner fuel line freezing and helps stop filter clogging.
- Super Railway Diesel Lubricating Oil, a high-dispersant oil approved by the major locomotive builders.
- Improved automatic transmission fluids that meet the new requirements of all U.S. makes of cars, for initial fills and service station sale.
- Lubricants for metal-working, such as rolling, wire-drawing, grinding, cutting, and quenching.
- Lubricating oils for gas engine compressors, paper mills, and hydraulic systems.
- Initial-fill motor oils for major automotive and tractor companies.

We remodeled 380 older stations to colonial or ranch-style architecture in our continuing program to upgrade service stations in good locations. We built 72 new stations on recently completed interstate highways and 186 in metropolitan and neighborhood locations. We closed 326 obsolete stations.

Two new Company-operated Car Repair Clinics opened in the Chicago area. Each consists of a service station, a diagnostic lane, a 10-station repair garage, and a car wash. To test customer acceptance of smaller centers, operated by service station dealers, we opened 10 Diagnostic Servicenters, where malfunctions in cars can be analyzed and corrected.

Farm and Home Center outlets, where farmers can obtain technical advice as well as fertilizers and other agricultural products, were added in 51 Corn Belt locations. By year end we had a total of 61. Ground was broken for 12 more in Illinois, Indiana, Michigan, Missouri, and Minnesota.

A light oils terminal at Brooklyn, New York, replacing an obsolete

We built 51 Farm and Home Centers, supplying products and technical advice.

terminal there, was near completion at year end. It will serve our growing metropolitan New York market at a substantial savings.

American Oil Motor Club membership expanded by 29 per cent in 1969, and associate memberships for members' sons and daughters were introduced. The Club also opened a center in DeKalb, Illinois, to service some 230,000 trip routing requests yearly.

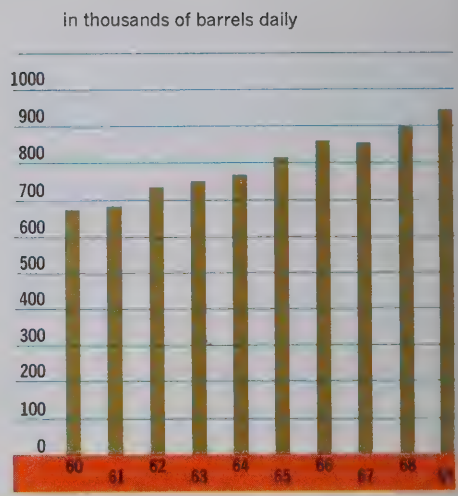
An instant credit check program, in which dealers, motels, hotels, and car rental agencies that honor our credit card can telephone for verification within seconds, was enthusiastically received.

Our credit card office, serving 7.5 million accounts, installed new equipment to speed data processing and to economize on operations. Optical character recognition scanners and sorters, combined with computers, reduce the processing steps.

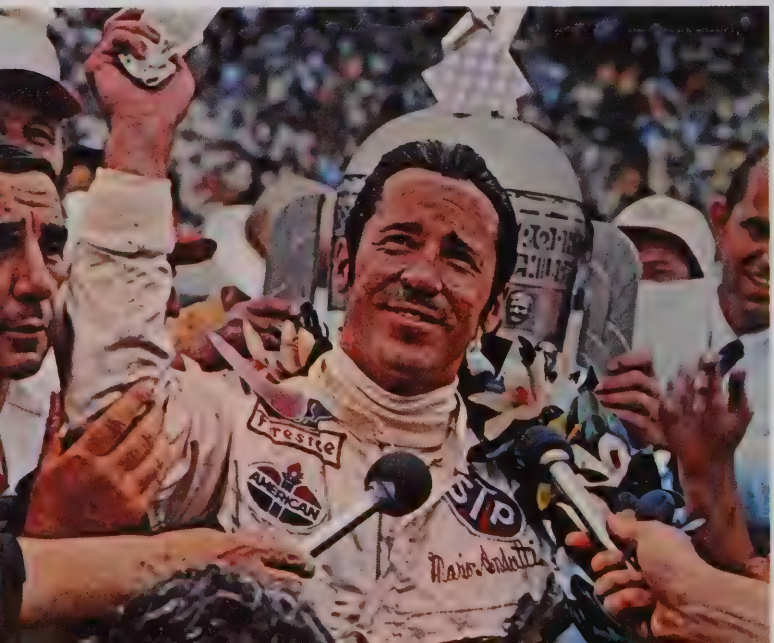
Processing of credit card applications also was speeded up. Like many other businesses, we have had some data-processing difficulties that resulted in customer complaints. The changes in operations along with a reorganization have brought improvements.

In 1969, we were able to discontinue service station promotional games, a practice forced upon us by competitive pressures. Fall promotions featured merchandise premiums.

In the East and South, where we market the unique unleaded Amoco Super Premium Gasoline, we demonstrated its mileage superiority with an Amoco Mileage Caravan in 41 cities. In 1,200 public mileage tests, Amoco competed against every major competitive premium gasoline, and Amoco won them all. The results were advertised throughout the area.



Refined Product Sales—North America

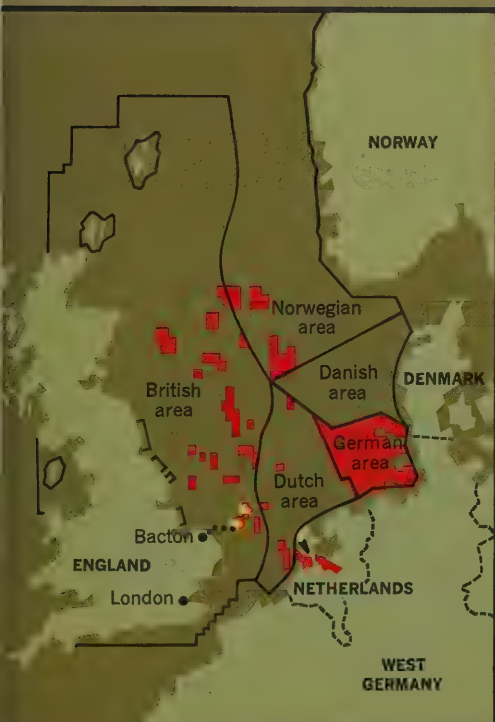


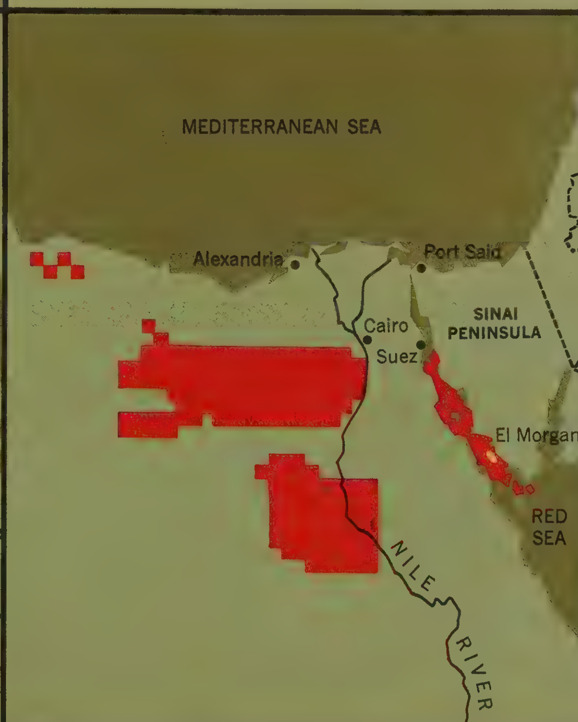
To promote our quality products, we supplied fuels and lubricants for Indianapolis 500 Winner Mario Andretti and his team, which won 10 of the 21 United States Auto Club championship races it entered in 1969.

Our Major Exploration – Production Areas Overseas

TRINIDAD

- Concession area
- Oil wells
- Gas wells





NORTH SEA areas of interest

- Exploitation permit granted
- Exploration licenses in which Company holds interest
- Gas discoveries

EGYPT

- Petroleum rights held
- Oil field

NORTHERN PERSIAN GULF

- Petroleum rights held
- Oil fields

Foreign Exploration and Development Progress; Production of Oil and Natural Gas Increases

Exploration and Production

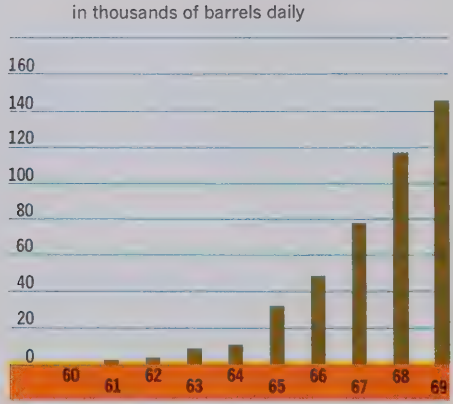
Latin America

TRINIDAD. We have completed 11 exploratory tests in our full-interest 1.5 million-acre offshore concession and found significant quantities of oil and/or natural gas in six. Additional drilling will determine the magnitude of these discoveries. A drilling platform will be installed in 1970. Our activity is about 25 miles east of Trinidad.

VENEZUELA. Production from Lake Maracaibo averaged 3,257 net barrels of oil a day in 1969. We began developing our wholly owned Jobo field and expect to begin production of heavy asphaltic oil by mid-1970.

ARGENTINA. Our crude production rose steadily during 1969, averaging 39,457 barrels a day, up nearly 14 per cent. By year end we completed 119 of the 150 wells required under our 1967 settlement with the government. We also agreed to explore an additional 525,000 acres in west central Argentina.

ECUADOR. We acquired a 909,000-acre concession and will begin geophysical evaluation in 1970.



Crude Oil Production Outside North America
(excludes Argentine production)

Europe

THE NETHERLANDS. We and two partners were granted exploitation rights for 69,183 acres in the Bergen area of North Holland. We are the operator and have 36 per cent interest. The Dutch government exercised its option to obtain a 40 per cent interest. An exploratory well, Bergermeer-1, tested 25.4 million cubic feet of natural gas a day and discovered a new field in the Bergen concession.

We and our Dutch partners contracted with a West German firm to sell the North Holland gas at the Dutch-German border for approximately 38.7 cents per thousand cubic feet. Deliveries will start in 1972, reaching about 38 million cubic feet a day net by 1974, and increasing later to about 93 million cubic feet a day if reserves are adequate. Preliminary engineering for a 120-mile pipeline to the border is under way.

Off The Netherlands a wildcat was drilled and abandoned. We and two partners hold exploration rights covering 620,000 acres on seven offshore blocks.

NORWAY. As operator for a group of companies, we drilled two unsuccessful offshore wildcats and plan more drilling in 1970. We hold 28⅓ per cent interest in 1.2 million acres acquired in 1965 and 25 per cent interest in 185,000 acres awarded in 1969.

UNITED KINGDOM. In the North Sea, the portion of the Leman Bank natural gas field held by our Company and its partners, went on production in April, 1969, after we installed a 35-mile pipeline to new facilities at the onshore Bacton terminal. Our net production averaged 54 million cubic feet a day from April, increasing steadily to about 117 million cubic feet daily at year end. Net daily sales are expected to reach 216 million cubic feet in two to three years. The basic price is 28.7 cents per thousand cubic feet from this field. We completed 17 gross producing wells in the field, for a total of 35. Our interest is 30.7 per cent.

We drilled six unsuccessful exploratory wells elsewhere in British North Sea waters in 1969.

Africa

EGYPT. Steady development of the El Morgan field in the Gulf of Suez increased gross average production to 192,240 barrels a day. Of this, we netted 86,104 barrels a day, up 46 per cent from 1968. Total El Morgan recovery from April, 1967, to the end of 1969 was near 140 million barrels. We share ownership in El Morgan with the government-owned Egyptian General Petroleum Corporation.

In the Western Desert, we drilled four unsuccessful exploratory wells. A fifth well tested initially at a rate of 1,800 barrels daily from a relatively thin pay zone. Delineation drilling is in progress to determine if the reservoir is commercial. In September, we were awarded

new Western Desert oil rights. After a 1970 mandatory relinquishment, our total holdings will be about 13.3 million acres.

GHANA. Off Ghana, we and our partners were awarded four tracts totaling about one million acres. We have one-third interest in these licenses and 25 per cent interest in two additional tracts acquired later, totaling 456,000 acres. Our first exploratory well is scheduled for completion in 1970.

LIBYA. We depleted and shut in the small Khuff field in August. At year end, we were preparing to begin producing three wells capable of an estimated 7,000 barrels of oil a day.

MAURITANIA. We drilled two unsuccessful offshore wells on our 9.6 million-acre concession, in which we hold 60 per cent interest. Further studies of this area will be made.

MOZAMBIQUE. We and an equal partner spudded our first offshore exploratory well in December, 1969, on our 11.8-million-acre concession.

Asia

IRAN. Net production from our 50 per cent interest Darius and Cyrus fields averaged 51,892 barrels a day in 1969. At year end, existing facilities permitted gross daily production of about 102,000 barrels at Darius and about 35,000 barrels at Cyrus. A barge with desalting equipment and almost one million barrels of storage has been chartered to help increase Cyrus production.

We confirmed an extension to the Fereidoon field, which we plan to place on production at an initial rate of about 50,000 gross barrels a day. Our interest is 50 per cent, in partnership with the National Iranian Oil Company.

OTHER. We completed geophysical work off Japan in 1969 and plan additional work there and off Taiwan and Thailand in 1970. In Pakistan, we obtained rights covering 20,000 square miles in the Indus River valley, and have begun geological and geophysical studies there.

Australia

We received rights on about 2,250 square miles southeast of Tasmania and began a marine seismic program.

Natural gas production began in British North Sea waters.

New alkylation unit came on stream at Brisbane, Australia.

Refinery Runs and Product Sales Increased; 2 More Chemical Plants in Operation

Manufacturing/Marketing

In 1969, our overseas branded retail outlets increased to 2,254, and our sales of refined products increased 17 per cent to 93,064 barrels a day.

Europe

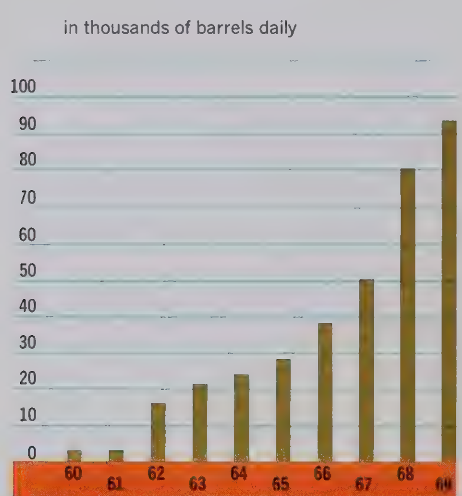
ITALY. The Cremona refinery processed a record average of 55,235 barrels of crude oil a day. Its loading and shipping facilities have been computerized. A pentane isomerization unit is under construction.

UNITED KINGDOM. Our Company has taken options on more than 800 acres of land for a planned 80,000-barrel-a-day refinery, near the deepwater port of Milford Haven, South Wales.

Asia

IRAN. Our jointly owned Kharg Island plant went on stream in August. It has capacity to recover 575 tons of sulfur and 5,000 barrels of liquefied petroleum gas daily from our Darius field crude production.

INDIA. The 50,000-barrel-a-day Madras refinery, in which we have 13 per cent interest, began operation.



Refined Product Sales—Outside North America

Australia

Refinery runs at Brisbane averaged 20,525 barrels a day, up about 2,600 barrels a day. We completed construction on a 13-ton-a-day sulfur plant and a 1,500-barrel-a-day alkylation unit, and we are increasing crude-unit capacity to 27,000 barrels a day.

Latin America

Our 44.6 per cent interest in the West Indies Oil Company Limited was sold to our partner.

Chemicals and Fertilizers

Europe

BELGIUM. At Geel we began operating a plant to produce 110 million pounds yearly of purified terephthalic acid, plus 100 million pounds of dimethyl terephthalate, for sale to manufacturers of polyester fibers and films.

At Antwerp, a company in which we own half interest expanded its polybutene and polypropene production capacity to 22 million pounds a year and set sales records for lubricating oil additives and polybutenes.

WEST GERMANY. We started producing polypropylene fabric for carpet backing and bagging material in a new plant at Gronau.

SWITZERLAND. We are building a technical service laboratory at Geneva to serve customers.

Asia

JAPAN. Our 25 per cent interest affiliate boosted polyethylene and polybutene sales to a record 140 million pounds, up 45 per cent. At Mizushima, a 50 per cent owned company began operating a 22-million-pound-a-year isophthalic acid plant.

INDIA. The Madras Fertilizers Limited plant, in which we have 49 per cent interest, is under construction and is expected to start operating next year.

Transportation

Delivery of two 78,000-deadweight-ton tankers, the Amoco Yorktown and the Amoco Baltimore, brought our proprietary foreign flag fleet to four. Two more 78,000-ton vessels are to be delivered in 1970. Two 230,000-deadweight-ton tankers have been ordered for delivery in 1973. Our fleet was supplemented with charters of 23 supertankers and some smaller vessels, moving crude to our refineries.

Photographs on opposite page:

Night scene at Geel, Belgium, where we began producing chemicals.

Executive Vice President G. V. Myers greets Heathrow Airport (London) station attendants.

Company executives inspect progress on a supertanker to be delivered in 1970.


AMOCO
AMOCO

First Buildings of New Research Complex Open; Improve Ways to Find, Produce, Process Oil

Our research covers a wide range of corporate needs. In 1969 we opened part of a new research complex (top photo, opposite) that, when completed, will provide facilities for research on chemicals and plastics, petroleum products and processes, and other projects. Three buildings of the project were completed in 1969 at Naperville, a Chicago suburb, and three more will be opened in 1970.

When expanded facilities at Naperville become available in later years, most of the space in our Whiting, Indiana, laboratory (center, opposite) will be available for purposes other than research. Our other major laboratory (bottom, opposite) is in Tulsa, and conducts research on exploration and production. We have other smaller laboratories for specialized research in the U.S. and abroad.

Our expenditures for technical research and development in 1969 totaled $26 million gross before credit for royalty income.
Our income from royalties and licensing was up substantially from 1968. We acquired 317 new patents and applied for 509 others.

Exploration and Production. In 1969, scientists at Tulsa developed mathematical and physical models of ways to increase recovery of crude after oil field waterflooding. These methods, which use heat or miscible displacement, can be matched to specific needs.

We also formulated a group of injection fluids, miscible with water and oil, to treat waterflood injection wells. By moving oil and organic deposits away from the well, the fluids open up injection paths and often increase oil producing rates. We also sell the chemicals in these fluids.

Our low-solids, polymer drilling fluids, conceived for fresh water systems, have been extended to salt water. These fluids prevent the fine dispersion of clay particles in drilling mud systems, increasing drilling speed.

We started operating equipment to plot seismic data rapidly in exploration field offices. These data, which help pinpoint locations favorable for petroleum, are telecommunicated to the field offices after processing in the Tulsa computer center.

We have issued to a Denver company a worldwide license to market, on a royalty basis, our digitizer that converts oil well electric log data into numerical form for computer processing to learn the nature of penetrated rocks and fluids.

Whiting research assistant prepares sample for chromatography analysis.

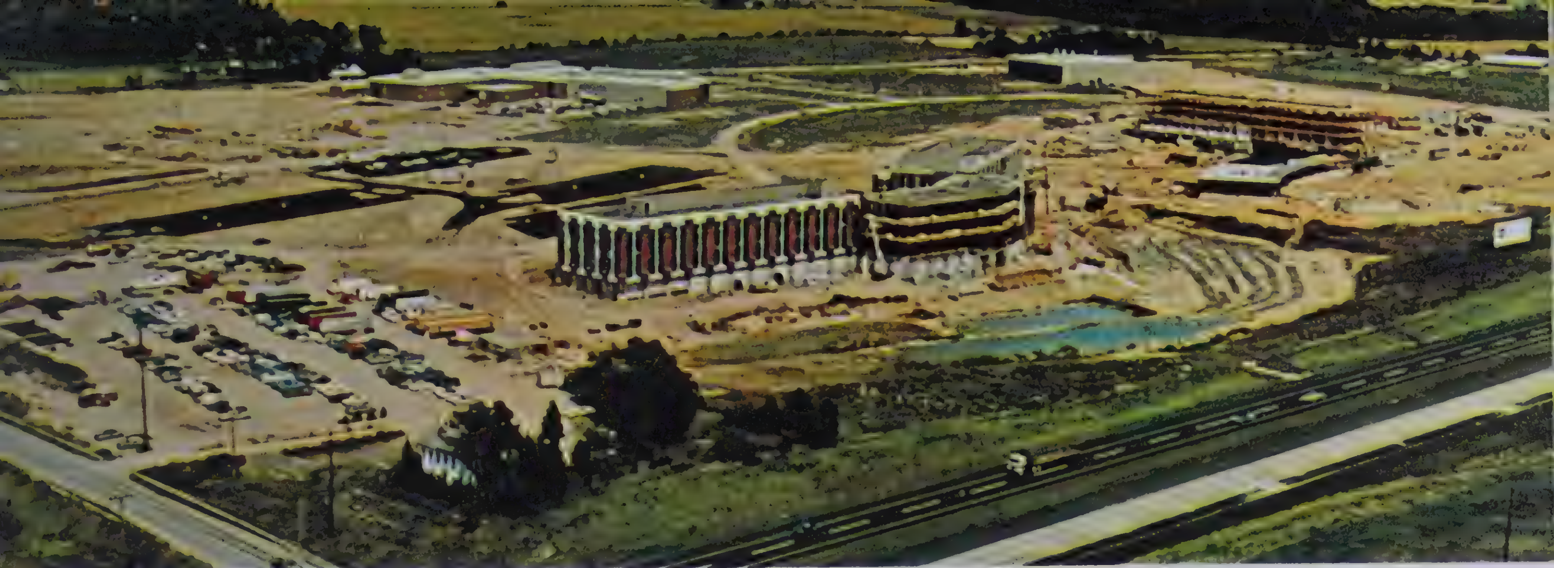
Process and Product Development. Using road performance ratings of gasolines gathered from experience with all kinds of cars, driven by all types of drivers, we developed a sophisticated blending scheme to insure uniform octane and performance of gasoline.

Our ability to produce unleaded gasoline was further enhanced by a new generation of Ultraformer catalysts that we developed. We also perfected an instrument that rapidly and accurately provides improved measurement of volatility.

We developed new instruments to monitor catalytic cracking and Ultraforming and to improve the accuracy of on-stream analyzers. Our sensor system, measuring electrical charges in flowing hydrocarbons during tank loading, received an award as one of the most significant research products of 1969.

A pilot plant in which we can simulate the most troublesome corrosion problems in crude-oil distillation is helping us select the most suitable construction materials for new process units.

We are installing a hybrid analog-digital computer to further our investigations of process dynamics and control. Systems developed with this computer will enable commercial units to operate within very narrow limits and prevent disruptions of flows in processing. The computer is also used in designing, starting, and solving problems of new units.



Naperville, Illinois

Whiting, Indiana (above)

Tulsa, Oklahoma (below)

More Unleaded Gasoline To Fuel Non-Polluting Engines

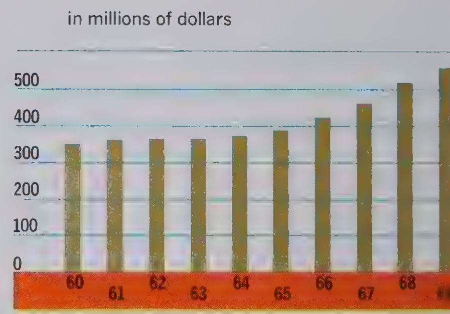
Air and Water Conservation. In the belief that modified engines and pollution control devices requiring unleaded gasoline will help speed the solution of the air pollution problem, our Company announced early in 1970 that it will make unleaded gasoline available in its marketing areas when automakers distribute cars requiring such fuels. We are now the only manufacturer of unleaded premium gasoline for the motorist, marketing it throughout the East and South.

In a cooperative program to reduce objectionable emissions, we also developed and are field-testing some promising catalysts to decompose nitrogen oxides in exhaust systems of cars run on unleaded gasolines.

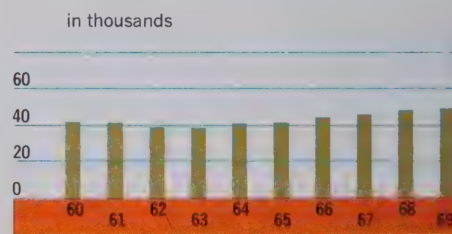
In our operations, we installed third-stage water treatment facilities at Whiting and made other improvements at our Yorktown and Texas City refineries and at the Texas City chemical plant.

We developed programs to prevent spills of oil or products in all operations and installed more equipment to dispose safely of water from our wells.

Smokeless incinerator at Mandan, North Dakota, refinery converts wastes into carbon dioxide, water, and inert chemicals.



Total Employment Costs
(includes wages, benefits, and employment taxes)



Number of Employees at Year End

People. Employment increased 381 net to total 48,190 at year end as we expanded, particularly in chemicals and in foreign activities.

Early in 1969, several of our plants, along with others in the industry, were struck for about two weeks. Settlement agreements resulted generally in wage increases of 6 per cent in 1969 and 4½ per cent in 1970, plus costly additions to benefit plans. Later in the year one chemical plant was struck for about three months, and another chemical plant and a product terminal were struck for a few days.

The Company continued to train disadvantaged members of minority groups for entry-level jobs and organized classes to upgrade the skills of employees already on the payroll, to help them qualify for promotions.

Net Earnings Increased 3.7% to $4.54 a Share; Revenues and Expenditures Set Records

Net earnings for 1969 were a record $321,033,000, the eleventh consecutive annual increase. The total was 3.7 per cent above our 1968 earnings of $309,494,000. Earnings in 1969 were $4.54 a share on 70,764,944 average shares outstanding, compared with $4.37 a share in 1968 on 70,843,054 average shares outstanding.

We paid four quarterly dividends of 57½ cents a share in 1969, totaling $2.30 a share. This compares with $2.10 a share in 1968. Dividend payments, also increasing for the 11th consecutive year, totaled $163,254,000 in 1969, or $14,316,000 more than in 1968.

Revenues, Costs, Expenses, and Taxes. Revenues were a record $4,322,343,000 in 1969, up 8.2 per cent. This increase resulted primarily from expansion of operations and increases in sales volumes, with a slight rise in refined product prices.

Costs, expenses, and taxes increased 8.6 per cent to $4,001,310,000 in 1969. Contributing factors included the higher level of operations and rises in costs of employment and purchased materials.

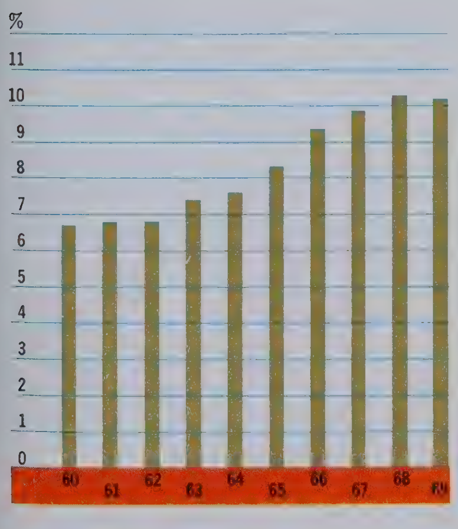
Taxes totaled $968 million in 1969, up 7.4 per cent. Total taxes including excise taxes collected from customers equaled $13.68 a share, about six times the dividends paid per share.

Capital and Exploration Expenditures. Record capital and exploration expenditures totaled $846 million, compared with $797 million in 1968. Approximately 64 per cent of the 1969 total was attributable to exploration and production. Capital expenditures amounted to $690 million. Exploration expenditures charged to current income totaled $156 million.

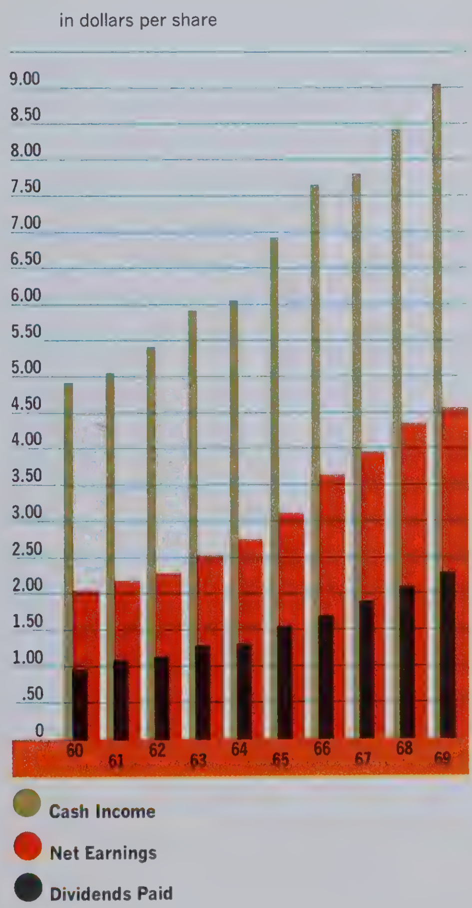
Working Capital. At the end of 1969, working capital totaled $535 million, a decrease of $133 million. Current assets were 1.66 times current liabilities.

Cash and marketable securities included in current assets totaled $272 million at year end, up $33 million. Notes and accounts receivable decreased to $645 million in 1969, down $16 million. Accounts and notes payable increased $161 million, to $652 million, reflecting higher operating levels and the issuance of short-term unsecured promissory notes (commercial paper) to meet short-term corporate cash needs. To assist in financing receivables arising from the revolving charge plan, a wholly-owned, unconsolidated subsidiary, Amoco Credit Corporation, issued additional short-term notes.

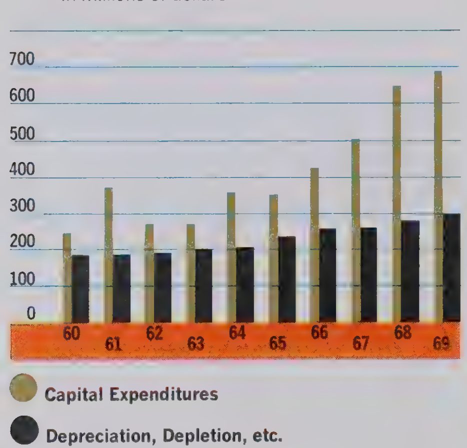
Crude oil and products inventories rose $30 million to $330 million. These are stated at cost, mainly on the last-in, first-out method (LIFO), substantially below replacement cost. Inventories of materials and supplies, stated at average cost or less totaled $59 million.



Net Earnings as Percentage of Shareholders' Ownership



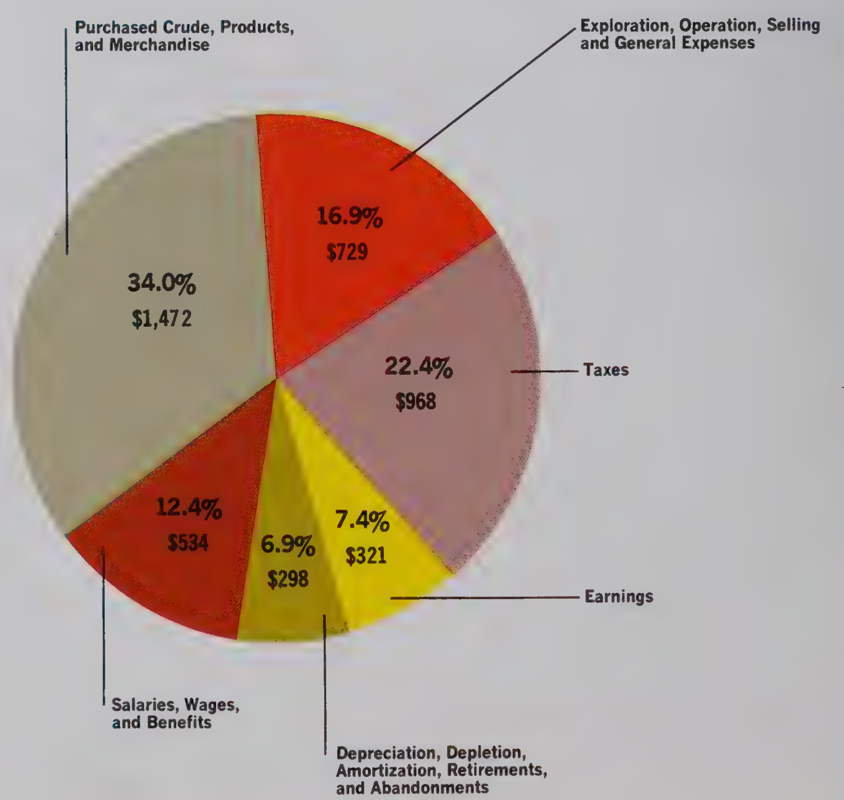
in millions of dollars



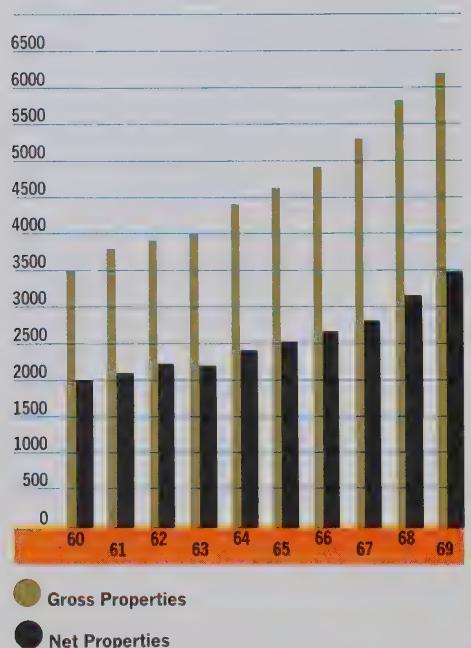
Indebtedness. Long-term debt at year end was $921 million, including installments of $30 million due in 1970. Total long-term debt was about 18 per cent of total assets. In May, 1969, to help finance overseas growth and in recognition of the U.S. balance of payments program, the Company issued $50 million of Euro-dollar debentures convertible into 666,666 shares of common stock.

Exchange of Stock. The Company exchanged its holdings in common stock of Standard Oil Company (New Jersey) for 1,653,016 shares of our stock, on the basis of ⅞ of a share of New Jersey stock for each share of Company stock. The shares acquired will be held in our treasury for general corporate purposes, including acquisitions, employee stock option and savings plans, and conversion of convertible securities.

Use of the Revenue Dollar
(all income from all sources—in millions of dollars)



in millions of dollars



Financial Statements Standard Oil Company ⟨Indiana⟩ and Subsidiaries

For the Years 1969 and 1968.

Consolidated Statement of Earnings

	1969	1968
Revenues		
Sales and other operating revenues (including excise taxes)	$4,217,651,000	$3,918,052,000
Dividends, interest, and other income	104,692,000	75,610,000
Total revenues	4,322,343,000	3,993,662,000
Costs, Expenses, and Taxes		
Purchased crude oil, petroleum products, merchandise, and operating expenses	1,939,610,000	1,778,615,000
Exploration expenses, including dry hole costs	155,912,000	148,896,000
Selling and administrative expenses	566,707,000	528,168,000
Taxes	967,791,000	901,163,000
Depreciation, depletion, amortization, retirements, and abandonments	298,530,000	279,541,000
Interest expense	65,508,000	44,643,000
Income applicable to minority interest	7,252,000	3,142,000
Total costs, expenses, and taxes	4,001,310,000	3,684,168,000
Net Earnings	$ 321,033,000	$ 309,494,000
Net Earnings Per Share	$4.54	$4.37

Consolidated Statement of Shareholders' Ownership

	Par Value of Capital Stock	Capital in Excess of Par Value	Earnings Retained and Invested in the Business	Treasury Shares at Cost	Total
Balance at December 31, 1968	$913,418,000	$73,112,000	$2,172,078,000	$ (84,420,000)	$3,074,188,000
Net earnings			321,033,000		321,033,000
Cash dividends at $2.30 a share			(163,254,000)		(163,254,000)
Acquisitions and disposals of treasury shares (net)				(19,090,000)	(19,090,000)
Balance at December 31, 1969	$913,418,000	$73,112,000	$2,329,857,000	$(103,510,000)	$3,212,877,000

The Notes on pages 26 and 27 are an integral part of these statements.

Consolidated Balance Sheet Standard Oil Company <Indiana> and Subsidiaries

December 31, 1969 and 1968.

Assets

Assets		1969	1968
Current Assets	Cash	$ 105,175,000	$ 112,842,000
	U.S. Government and other marketable securities — at cost, which approximates market	166,897,000	125,765,000
	Accounts and notes receivable (less reserves of $19,397,000 at December 31, 1969 and $18,017,000 at December 31, 1968)	644,604,000	660,400,000
	Inventories —		
	Crude oil and products — at cost (mainly LIFO), below market	330,444,000	300,746,000
	Materials and supplies — at or below cost	59,289,000	51,565,000
	Prepaid expenses and income taxes	45,409,000	51,796,000
		1,351,818,000	1,303,114,000
Investments and Sundry Assets	Investments held for operating purposes — at cost	115,423,000	90,286,000
	Long-term receivables and sundry assets (including at December 31, 1969, installment notes receivable of $66,328,000 from sale, in 1960, of certain gas and oil properties less deferred income of $60,052,000)	188,330,000	168,372,000
		303,753,000	258,658,000
Properties	— at cost, less depreciation, depletion, and amortization reserves of $2,716,906,000 at December 31, 1969 and $2,678,650,000 at December 31, 1968	3,495,106,000	3,175,682,000
		$5,150,677,000	$4,737,454,000

Liabilities and Shareholders' Ownership

Liabilities and Shareholders' Ownership		1969	1968
Liabilities Payable Within One Year	Current installments of long-term debt	$ 30,414,000	$ 22,530,000
	Notes payable	161,306,000	5,000,000
	Accounts payable	490,704,000	485,884,000
	Taxes payable (including income taxes)	134,314,000	121,591,000
		816,738,000	635,005,000
Long-Term Debt		890,283,000	818,158,000
Deferred Income Taxes		189,300,000	173,580,000
Minority Interest in Subsidiary Companies		41,479,000	36,523,000
Shareholders' Ownership	Capital stock	913,418,000	913,418,000
	Capital in excess of par value	73,112,000	73,112,000
	Earnings retained and invested in the business	2,329,857,000	2,172,078,000
		3,316,387,000	3,158,608,000
	Less — Capital stock held in treasury — at cost	103,510,000	84,420,000
	Total shareholders' ownership	3,212,877,000	3,074,188,000
		$5,150,677,000	$4,737,454,000

The statements of Investment in Properties and Long-Term Debt on page 25 and the Notes on pages 26 and 27 are an integral part of these statements.

Source and Application of Funds

		1969	1968
Source of Funds	Net earnings	$321,033,000	$309,494,000
	Depreciation, depletion, amortization, retirements, and abandonments	298,530,000	279,541,000
	Deferred income taxes	19,859,000	7,689,000
		639,422,000	596,724,000
	New borrowings	119,340,000	332,227,000
	Dispositions of property	72,295,000	34,199,000
	Total	$831,057,000	$963,150,000
Application of Funds	Capital expenditures	$690,249,000	$648,047,000
	Dividends paid	163,254,000	148,938,000
	Repayments on borrowings	47,215,000	25,866,000
	Increase in long-term receivables and sundry assets	19,958,000	79,668,000
	Increase in treasury shares held	19,090,000	5,392,000
	Miscellaneous	24,320,000	21,118,000
	Increase (decrease) in working capital	(133,029,000)	34,121,000
	Total	$831,057,000	$963,150,000

Long-Term Debt

	1969	1968
Standard Oil Company (Indiana)—		
6% Debentures due 1979 to 1998	$200,000,000	$200,000,000
6% Debentures due 1971 to 1991	175,000,000	175,000,000
4½% Debentures due 1971 to 1983	151,453,000	159,262,000
3% Debentures due 1971 to 1979	20,114,000	20,114,000
2.90% to 3½% Promissory Notes due 1971 to 1979	47,416,000	52,646,000
Amoco Chemicals Corporation 4.571% to 6% Promissory Notes due 1971 to 1981	80,455,000	87,498,000
Service Pipe Line Company 3.20% Debentures due 1982, exclusive of $20,798,000 principal amount repurchased as of December 31, 1969	25,022,000	25,223,000
Amoco International Finance Corporation 5½% and 6¾% Guaranteed Bonds, 5½% Convertible Guaranteed Debentures, and 7¼% Promissory Notes due 1971 to 1984	111,516,000	35,516,000
Amoco Oil Holdings S.A. 5¾% Guaranteed Bonds due 1971 to 1985	22,060,000	23,530,000
Other indebtedness	57,247,000	39,369,000
	$890,283,000	$818,158,000

Investment in Properties (Thousands of Dollars)

	1969 Capital Expenditures		Investment December 31, 1969			Investment December 31, 1968	
	Amount	%	Gross	Net	%	Net	%
Production	$386,929	56%	$3,145,665	$1,703,241	49%	$1,556,958	49%
Manufacturing	26,056	4	990,930	415,605	12	419,060	13
Chemicals	107,633	16	521,505	422,153	12	339,647	11
Transportation	44,344	6	601,108	269,010	8	246,372	8
Marketing	108,399	16	855,148	627,049	18	563,923	18
Other	16,888	2	97,656	58,048	1	49,722	1
Total	$690,249	100%	$6,212,012	$3,495,106	100%	$3,175,682	100%

1969

Principles of Consolidation. Accounts of all subsidiaries in which the Company directly or indirectly owns more than 50 per cent of the voting stock are included in the consolidated financial statements, with three exceptions: Imperial Casualty and Indemnity Company and Amoco Credit Corporation, which are accounted for on an equity basis, and Amoco Argentina Oil Company, which is accounted for on a cost basis. The difference between dividends received and the Company's equity in Amoco Argentina's 1969 earnings was not significant.

In June, 1969, Amoco Credit Corporation was organized as a wholly-owned finance subsidiary with a capitalization of $24 million. The investment in Amoco Credit at December 31, 1969, included with investments held for operating purposes on the Consolidated Balance Sheet, was $24,654,000. At December 31, 1969, Amoco Credit had $118,300,000 of receivables (net) and short-term debt amounting to $94,950,000. The Company's equity in the net income of Amoco Credit was $654,000.

Consolidated year-end net assets and 1969 net earnings were:

	Net assets	Net earnings
	(Thousands of Dollars)	
United States	$2,448,770	$273,792
Canada	292,151	14,108
Overseas	471,956	33,133
Total	$3,212,877	$321,033

Depreciation, Depletion, and Amortization. In general, depreciation of plant and equipment is computed on a straight-line basis over the estimated economic life of the facilities. Depletion of producing properties and amortization of intangible drilling and development costs applicable to productive wells are computed on the unit-of-production method, based on estimated net recoverable oil and gas reserves. For income tax purposes, all intangible drilling and development costs are deducted when incurred. Nonproducing property costs are capitalized and amortized over projected holding periods based upon past experience.

Capital Stock. Of an authorized 100,000,000 shares of $12.50 par value common stock, 73,073,483 shares have been issued. There were 69,159,672 shares outstanding at December 31, 1969, and 70,855,819 shares outstanding at December 31, 1968. The decrease in shares outstanding resulted entirely from treasury stock transactions as summarized below:

	Number of Shares	Thousands of Dollars
Treasury shares at December 31, 1968	2,217,664	$ 84,420
Purchased	952,834	54,030
Received in exchange for Standard Oil Company (New Jersey) shares	1,653,016	13,925
Sales to trustee under employee savings plan	(644,564)	(37,815)
Sales to optionees under incentive stock option plans	(243,805)	(9,764)
Used in business acquisitions	(21,334)	(1,286)
	1,696,147	19,090
Treasury shares at December 31, 1969	3,913,811	$103,510

Incentive Compensation Plan. In May, 1967, shareholders approved an incentive compensation plan for key executives. Bonuses, which may be in cash and/or Company stock, are awarded from a special reserve. The reserve provision in each bonus year may not exceed 3 per cent of the amount by which earnings (as defined in the plan) exceed 7 per cent of capital employed (as defined in the plan) during that year. A provision of $2,961,000 was charged against 1969 earnings and credited to a bonus reserve in anticipation of awards to be made in 1970. Awards of $2,324,000 were granted to 209 employees in 1969.

Incentive Stock Option Plans. Under successive incentive stock option plans, begun May 7, 1953, key employees have been granted options to buy Company stock. The share price under options granted before May 2, 1963, is 95 per cent of the fair market value on the granting date, with options normally extending 10 years. The share price under options granted after May 2, 1963, is 100 per cent of the fair market value on the date of grant; these options normally extend five years.

When options are exercised, the shares may be taken from authorized but unissued stock or may be reacquired shares. No options may be granted under current plans after May 1, 1973.

On January 1, 1969, options for 520,555 shares were outstanding under the plans, and 391,490 shares were available for future grants. Options for 243,805 shares were exercised during the year at prices ranging from $19.25 to $45.375 a share. Options for 6,200 shares expired or were canceled. New options were granted for 168,400 shares at prices ranging from $45.375 to $62.25 a share. At year end, executives held options for 438,950 shares; 229,290 shares were available for future grants.

Retirement Plan. The Company and its subsidiaries have retirement plans available to substantially all employees, providing benefits under trusteed plans and contracts with an insurance company. The actuarially calculated annual cost to the Company, $19 million in 1969, was funded and charged against earnings.

Contingent Liabilities and Commitments. In 1963, the Federal Power Commission asserted jurisdiction over the price at which certain producing properties were sold in 1960. In 1965, the U.S. Supreme Court ruled the sale was subject to FPC regulation. The matter is pending before the FPC. In the Company's opinion, regulation of the sales price will not materially affect the Company's financial position.

On December 31, 1969, the Company had long-term leases extending beyond one year covering various service stations, tankers, office buildings, and other facilities; substantially all expire within 15 years. Annual rentals payable under these leases, net of related rental income of $26,997,000, are estimated at $31,151,000.

The Company is contingently liable for $61,652,000 as guarantor on outstanding loans of others. Also, under long-term agreements with some companies in which it holds stock interests, the Company has guaranteed specified revenues from product shipments. Under certain conditions, it is obligated to provide funds to maintain working capital at specified minimums. No loss is anticipated from these obligations.

At year end, the Company had substantial commitments to acquire or build facilities in the normal course of business.

Taxes. Taxes totaled $967,791,000 for 1969 and $901,163,000 for 1968. The principal taxes, including excise taxes on products sold, are shown below. Federal taxes on income were reduced by an investment credit of $11,787,000 in 1969 and $18,637,000 in 1968.

(Thousands of Dollars)	1969	1968
Excise taxes	$748,519	$704,334
Property taxes	51,313	45,928
Production taxes	32,060	28,451
Federal taxes on income		
Current	64,200	74,678
Deferred	19,859	7,689
State and foreign taxes on income	18,104	10,892
Social security taxes, corporation taxes, import duties, etc.	33,736	29,191
Total taxes	$967,791	$901,163

Report of Independent Accountants

Price Waterhouse & Co.

To the Board of Directors of
Standard Oil Company (Indiana)

In our opinion, the accompanying consolidated balance sheet, the related statements of earnings and shareholders' ownership and the statement of source and application of funds present fairly the financial position of Standard Oil Company (Indiana) and its consolidated subsidiary companies at December 31, 1969, and the results of their operations and the supplementary information on funds for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Chicago, Illinois
February 26, 1970

Price Waterhouse & Co.

Ten-Year Financial Summary† Standard Oil Company ⟨Indiana⟩ and Subsidiaries

Dollar amounts in millions except where noted

Sales and Other Operating Revenues (including excise taxes)

Year	Refined Products	Crude Oil	Natural Gas	Chemicals and Fertilizers	Tires, Batteries, Accessories, and Miscellaneous	Other Sales and Operating Revenues	Total Operating Revenues
1969	$2,857	$522	$204	$383	$124	$128	$4,218
1968	2,692	477	160	352	120	117	3,918
1967	2,465	471	153	232	109	106	3,536
1966	2,405	395	136	178	107	86	3,307
1965	2,205	374	129	141	97	79	3,025
1964	2,038	386	125	111	90	72	2,822
1963	1,995	377	110	80	79	68	2,709
1962	1,950	375	97	66	74	65	2,627
1961	1,824	368	87	62	68	61	2,470
1960	1,826	345	79	58	61	60	2,429

Financial Condition at Year End

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Year	Total Assets	Working Capital	Current Ratio	Liabilities Payable in Later Years	Borrowed and Invested Capital	Net Worth	Book Value Per Share (in dollars)**
1969	$5,151	$535	1.66 to 1	$890	$4,175	$3,213	$46.46
1968	4,737	668	2.05 to 1	818	3,951	3,074	43.39
1967	4,188	634	2.16 to 1	512	3,489	2,924	41.24
1966	4,053	702	2.45 to 1	506	3,376	2,820	39.92
1965	3,691	550	2.29 to 1	350	3,099	2,703	38.18
1964	3,446	512	2.56 to 1	340	2,998	2,605	36.73
1963	3,321	601	2.89 to 1	366	2,899	2,522	35.52
1962	3,163	534	2.98 to 1	384	2,820	2,428	34.21
1961	3,058	501	2.90 to 1	420	2,751	2,321	32.98
1960	2,927	583	3.34 to 1	424	2,650	2,218	31.63

Exploration and Development Costs

Year	New and Renewed Leases	Wells and Production Facilities	Dry Holes	Lease Rentals	Geological, Geophysical, and Other Exploration Expenses	Total Cash Expenditures for Exploration and Development
1969	$178	$209	$84	$16	$56	$543
1968	84	201	79	12	58	434
1967	45	182	67	11	57	362
1966	55	181	74	11	61	382
1965	63	150	52	13	54	332
1964	59	176	60	14	53	362
1963	46	134	46	12	45	283
1962	47	129	45	14	40	275
1961	55	175	42	13	37	322
1960	52	95	30	12	47	236

Total Revenues	Net Earnings: Total	Net Earnings: Per Share (in dollars)**	Dividends*: Total Value	Dividends*: Per Share (in dollars)**	Taxes: Excise Taxes	Taxes: Total Taxes Including Excise Taxes	Year
$4,322	$321	$4.54	$163	$2.300	$749	$968	1969
3,994	309	4.37	149	2.100	704	901	1968
3,587	281	3.97	135	1.900	618	806	1967
3,351	256	3.63	120	1.700	598	758	1966
3,063	219	3.10	110	1.550	553	715	1965
2,856	195	2.75	94	1.325	505	617	1964
2,746	183	2.58	90	1.266	482	617	1963
2,656	162	2.29	81	1.149	479	583	1962
2,502	154	2.19	79	1.124	437	532	1961
2,462	145	2.06	70	.998	423	527	1960

Cash Income (net earnings plus depreciation, depletion, etc.)	Capital Expenditures	Exploration Expenditures Including Dry Holes	Shareholders at Year End: Number (in thousands)	Shareholders at Year End: Shares Outstanding (in thousands)**	Employees: Number at Year End	Employees: Wages and Benefits	Year
$639	$690	$156	173	69,160	48,190	$534	1969
597	648	149	173	70,856	47,809	496	1968
546	503	135	172	70,906	45,375	444	1967
539	424	146	173	70,647	42,995	407	1966
490	356	119	171	70,795	41,158	382	1965
428	361	127	161	70,927	40,724	366	1964
420	275	103	150	70,989	38,334	353	1963
383	278	99	154	70,971	39,189	358	1962
356	378	92	154	70,358	41,304	355	1961
344	252	89	160	70,120	41,706	344	1960

† Figures subsequent to 1962 exclude the Argentine subsidiary eliminated from the consolidated financial statements as of January 1, 1963.

* Dividends prior to 1964 include the market value on date of distribution of the Standard Oil Company (New Jersey) stock distributed as a special dividend.

** Adjusted for the two-for-one stock split in September, 1964.

Ten-Year Operating Summary† Standard Oil Company ⟨Indiana⟩ and Subsidiaries

Exploration and Development

Year	Net Producing and Prospective Acreage at Year End (in thousands): Producing Leases: United States	Producing Leases: Canada	Undeveloped Leases: United States	Undeveloped Leases: Canada	Net Wells Drilled: Exploratory: Oil	Exploratory: Gas	Exploratory: Dry
1969	2,238	704	13,393	4,944	25	33	290
1968	2,447	614	11,696	3,967	48	51	322
1967	2,415	552	9,522	3,111	34	32	221
1966	2,387	520	8,486	3,108	35	43	192
1965	2,298	479	9,539	3,197	33	33	186
1964	2,259	412	11,758	3,591	42	43	253
1963	2,092	262	11,234	3,174	40	28	245
1962	1,998	261	13,758	3,428	34	36	150
1961	1,900	191	15,516	2,764	26	51	131
1960	1,726	98	12,761	1,984	16	41	139

Production

Net Production of Crude Oil and Natural Gas Liquids (thousands of barrels per day)

Year	Texas	Louisiana	Wyoming	New Mexico	Oklahoma	Other U.S.	Total U.S.
1969	225	70	62	27	26	42	452
1968	224	64	60	27	25	47	447
1967	218	60	59	26	24	43	430
1966	208	55	57	23	23	39	405
1965	202	52	58	19	19	40	390
1964	191	48	54	16	17	39	365
1963	180	45	44	15	14	37	335
1962	166	38	45	15	13	38	315
1961	155	33	47	18	13	35	301
1960	146	33	45	15	13	37	289

Net Proved Reserves / Manufacturing / Marketing

Year	Net Proved Reserves: U.S. and Canada at Year End: Crude Oil and Natural Gas Liquids (thousands of barrels)	Natural Gas (billions of cubic feet)	Manufacturing: Refinery Input (thousands of barrels per day)	Refinery Crude Capacity (year end) (thousands of barrels per day)	Marketing: Refined Products Sold (thousands of barrels per da: Gasoline (including natural gasoline)	Heating Oils and Diesel Fuels	Residual Fuel Oil
1969	3,300,960	20,379	971	1,056	482	270	93
1968	3,271,064	20,464	925	1,045	459	252	86
1967	3,231,789	19,996	862	995	430	233	79
1966	3,159,857	19,839	829	895	435	222	81
1965	3,043,794	19,196	777	807	400	210	85
1964	2,964,760	18,580	734	774	384	198	74
1963	2,743,664	17,175	720	773	364	201	75
1962	2,617,525	16,653	696	755	361	199	70
1961	2,546,368	16,456	660	754	333	178	67
1960	2,346,627	15,358	636	720	333	178	72

† Figures subsequent to 1962 exclude the Argentine subsidiary eliminated from the consolidated financial statements as of January 1, 1963.

Development						Net Wells Owned		
Oil	Gas	Dry	Total	Gross Wells Drilled	Non-Company Wells to Which Contributions Were Made	Oil (year end)	Gas (year end)	Year
439	110	116	1,013	1,602	625	14,791	3,713	**1969**
346	101	132	1,000	1,599	506	16,355	3,949	**1968**
408	110	131	936	1,484	456	16,440	3,881	**1967**
475	181	181	1,107	1,725	551	16,406	3,749	**1966**
727	184	163	1,326	1,912	510	16,136	3,536	**1965**
699	170	132	1,339	1,892	471	15,581	3,333	**1964**
633	121	144	1,211	1,655	448	13,865	2,979	**1963**
737	141	141	1,239	1,642	622	13,532	2,824	**1962**
502	196	111	1,017	1,421	488	12,943	2,631	**1961**
589	74	104	963	1,416	640	11,571	2,387	**1960**

Canada	Egypt	Iran	Argentina	Other Foreign	Total	Natural Gas (millions of cubic feet per day)	Natural Gas Sold (millions of cubic feet per day)	Year
48	86	52	—	7	645	3,313	3,267	**1969**
44	59	51	—	7	608	2,833	2,727	**1968**
41	16	50	—	11	548	2,738	2,622	**1967**
38	—	32	—	16	491	2,533	2,427	**1966**
34	—	23	—	9	456	2,374	2,245	**1965**
30	—	2	—	8	405	2,186	2,109	**1964**
27	—	—	—	8	370	1,966	1,920	**1963**
26	—	—	38	3	382	1,834	1,807	**1962**
19	—	—	36	2	358	1,617	1,642	**1961**
13	—	—	20	—	322	1,577	1,636	**1960**

		Gasoline Retail Outlets Served (year end)				Transportation		
Other Products	Total	Company Owned or Leased	Other	Crude Oil, NGL, etc., Purchased (thousands of barrels per day)	Crude Oil Sold (thousands of barrels per day)	Pipelines Owned, Miles (year end)	Pipeline Traffic (million barrel miles)	Year
190	1,035	21,600	10,400	934	520	14,303	210,155	**1969**
180	977	21,700	9,400	885	494	16,590	208,325	**1968**
160	902	21,800	9,300	838	494	16,788	190,425	**1967**
157	895	22,500	9,000	809	400	16,591	190,272	**1966**
145	840	23,100	8,900	757	368	16,645	178,587	**1965**
136	792	23,900	8,400	769	352	16,978	170,312	**1964**
130	770	25,100	7,900	764	345	16,844	170,976	**1963**
120	750	26,900	7,200	728	372	16,822	168,215	**1962**
109	687	27,900	7,600	706	350	17,543	170,957	**1961**
95	678	27,700	7,600	678	326	17,539	166,635	**1960**

Board of Directors Standard Oil Company (Indiana)

March 1, 1970

Directors

John E. Swearingen
Chairman of the Board

Robert C. Gunness
President

George V. Myers
Executive Vice President

Jacob Blaustein
President, American Trading and Production Corporation

Homer J. Livingston
Chairman, Executive Committee
The First National Bank of Chicago

Lawrence A. Kimpton
Assistant to the Chairman of the Board

Richard J. Farrell
Vice President and General Counsel

Herschel H. Cudd
President, Amoco Chemicals Corporation

L. Chester May
Vice President Finance

Logan T. Johnston
Chairman, Armco Steel Corporation

John S. Bugas
Retired Business Executive

F. Randolph Yost
President, Pan American Petroleum Corporation

Joseph S. Wright
Chairman, Zenith Radio Corporation

Frank C. Osment
President, Amoco International Oil Company

George R. Cain
Chairman, Abbott Laboratories

Blaine J. Yarrington
President, American Oil Company

Officers

F. Cushing Smith
Vice President

Jack M. Tharpe
Vice President

John T. Snyder, Jr.
Treasurer

Richard M. McGowen
Comptroller

Robert D. Thompson
Secretary

Executive Changes

L. William Moore retired March 1, 1970, after 36 years of distinguished Company service. He had been president of American Oil Company since 1957, and a director of Standard Oil Company since 1961.

Blaine J. Yarrington was elected a director and member of the Executive Committee of Standard Oil and president of American Oil effective March 1, 1970. He had been executive vice president of American Oil and had served in other executive marketing positions in both American Oil and Standard Oil.

Jack M. Tharpe, general manager of employee and public relations, was elected a vice president of Standard Oil Company April 1, 1969.

Robert D. Thompson was elected secretary of Standard Oil Company July 1, 1969, succeeding Earl W. Russell, who retired after more than 40 years of Company service.

General Office

910 South Michigan Avenue, Chicago, Illinois 60680

Transfer Agents

The Chase Manhattan Bank, N.A.
One Chase Manhattan Plaza, New York, New York 10015

The First National Bank of Chicago
One First National Plaza, Chicago, Illinois 60670

National Trust Company, Limited
21 King Street East, Toronto 1, Ontario, Canada

Registrars

First National City Bank
55 Wall Street, New York, New York 10015

Continental Illinois National Bank and Trust Company of Chicago
231 South LaSalle Street, Chicago, Illinois 60690

The Royal Trust Company
Royal Trust Tower, Toronto Dominion Center, Toronto 1, Ontario, Canada

Annual Meeting

The annual meeting of the Company's stockholders will be held on May 7, 1970, at the Whiting, Indiana, Community Center. A formal notice of the meeting, together with a proxy statement and proxy, will be sent to shareowners on or about April 3, 1970, at which time management will solicit proxies.

Foundation Report

Copies are available of a cumulative report, for the years 1952 through 1968, of the Standard Oil (Indiana) Foundation, Inc., American Oil Foundation, and Pan American Petroleum Foundation, Inc. If you wish a copy, please write to the Executive Director, Standard Oil (Indiana) Foundation, P.O. Box 5910-A, Chicago, Illinois 60680.

Printed in U.S.A.

Principal Subsidiaries and Affiliates Standard Oil Company ⟨Indiana⟩

	Principal business	Principal areas of operation	Per cent owned
North America			
Pan American Petroleum Corporation	Exploration and production	United States	100
Midwest Oil Corporation	Exploration and production	United States and Canada	53
Amoco Canada Petroleum Company Ltd.	Exploration, production, and chemicals	Canada	100
*Amoco Pipeline Company	Pipeline transportation	United States	100
Pan American Gas Company	Purchase, transport, and sale of natural gas	Texas, New Mexico	100
American Oil Company	Refining, transportation, and marketing	United States	100
Amoco Chemicals Corporation	Manufacture and sale of chemical products	United States and abroad	100
Amoco International Oil Company	Direction of exploration, production, refining, transportation, and marketing	Outside North America	100
Amoco International Finance Corporation	Financing of capital requirements	Outside North America	100
Amoco Credit Corporation	Finance	United States	100
Imperial Casualty and Indemnity Company	Insurance	United States	100
Amoco Shipping Company	Marine transportation	United States	100
Latin America			
Amoco Argentina Oil Company	Exploration and production	Argentina	100
Amoco Colombia Oil Company	Exploration and production	Colombia	100
Amoco Ecuador Petroleum Company	Exploration and production	Ecuador	100
Amoco Trinidad Oil Company	Exploration and production	Trinidad	100
Pan American Venezuela Oil Company	Exploration and production	Venezuela	100
Amoco Trading International, Ltd.	Purchase and sale of oil	Outside North America	100
Europe			
Amoco Europe, Inc.	Coordination of European activities	Europe	100
Amoco Hanseatic Petroleum Company	Exploration and production	West Germany	100
Amoco Netherlands Petroleum Company	Exploration and production	Netherlands	100
Amoco Norway Oil Company	Exploration and production	Norway	100
Amoco (U.K.) Exploration Company	Exploration and production	United Kingdom	100
Amoco (U.K.) Ltd.	Marketing	United Kingdom	100
Amoco Italia, S.p.A.	Refining and marketing	Italy	100
Rheinische Mineraloel GmbH	Marketing	West Germany	100
N.V. Amoco Chemicals Belgium S.A.	Manufacture and sale of chemical products	Belgium	100
Amoco Fina S.A.	Manufacture of lubricating oil additives	Belgium	50
Amoco International S.A.	International holdings	Outside United States	100
Amoco Oil Holdings S.A.	Financing of capital requirements	Luxembourg	100
Africa			
Amoco Ghana Exploration Company	Exploration and production	Ghana	100
Amoco Mauritania Petroleum Company	Exploration and production	Mauritania	100
Mozambique Pan American Oil Company	Exploration and production	Mozambique	80
Amoco Libya Oil Company	Exploration and production	Libya	100
Amoco UAR Oil Company	Exploration and production	Egypt	100
Gulf of Suez Petroleum Company	Exploration and production	Egypt	50
Amoco Transport Company	Ocean transportation	Worldwide	100
Middle East			
Amoco Iran Oil Company	Exploration and production	Iran	100
Iran Pan American Oil Company	Exploration and production	Iran	50
Kharg Chemical Company, Ltd.	Natural gas liquids and sulfur extraction	Iran	50
Australia and Far East			
Amoco Australia Exploration Company	Exploration and production	Australia	100
Amoco Australia Pty., Ltd.	Refining and marketing	Australia	100
Amoco Chemicals Pty., Ltd.	Sale of chemical products	Australia, New Zealand	100
Amoco India, Inc.	Refining and manufacture of fertilizers	India	100
Madras Fertilizers, Ltd.	Manufacture of fertilizers and chemicals	India	49
Madras Refineries, Ltd.	Refining	India	13
Amoco Chemicals Far East Incorporated	Liaison with plastics and chemical companies	Japan	100
Amoco Japan Oil Company	Commercial development	Japan	100
Furukawa Chemical Industries Company, Ltd.	Manufacture and sale of chemical products	Japan	25
A.G. International Chemical Company	Manufacture and sale of chemical products	Japan	50
Amoco Pakistan Exploration Company	Exploration and production	Pakistan	100
Amoco Thailand Petroleum Company	Exploration and production	Thailand	100
Amoco Taiwan Petroleum Company	Exploration and production	Taiwan	100

*Name changes from Service Pipe Line Company April 1, 1970.

Standard Oil Company
< INDIANA >
Post Office Box 5910-A
Chicago, Illinois 60680

Drilling pipe stacked on deck of drill ship awaits use in the Trinidad offshore area where we found significant quantities of oil and natural gas in 1969.